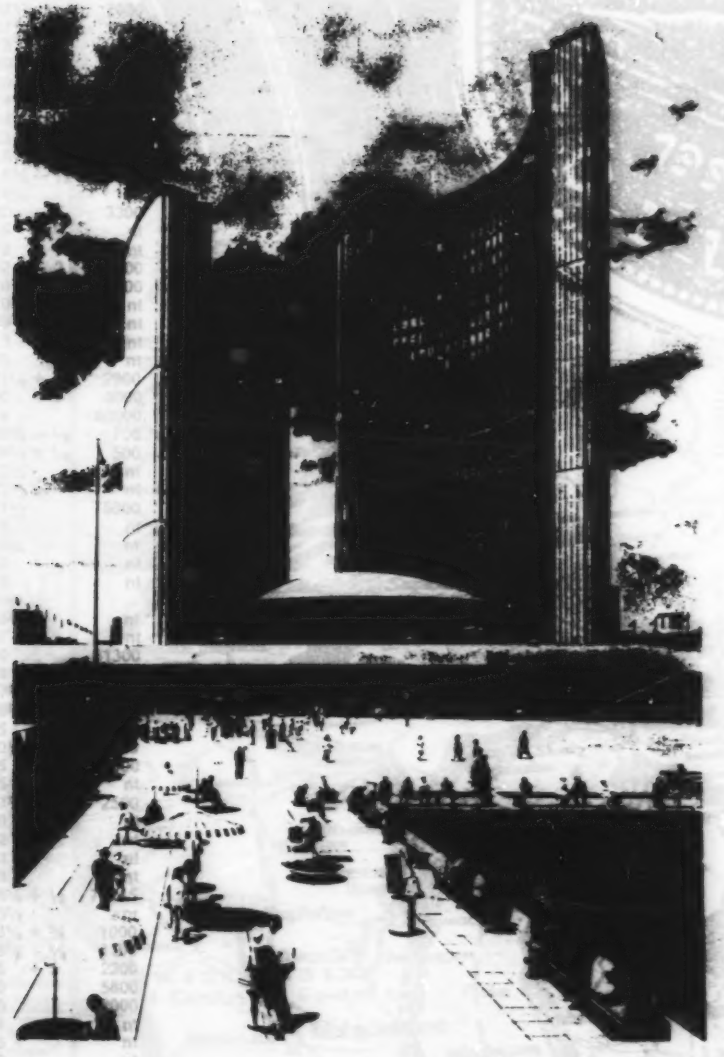
City of Toronto

1990 Financial Report



It is my pleasure to present to Mayor Eggleton and the members of Council the Financial Report of the City of Toronto for the year ended December 31, 1990.

The financial statements contained in Chapter 4 have been prepared in accordance with the Municipal Financial Reporting Handbook which specifies accounting principles and reporting requirements for Ontario municipalities.

1990 In Review

In 1990 Canadians experienced the first economic slowdown since the recession of the early Eighties. The onset of adverse economic conditions was evidenced by a drop in the rate of growth in the real Gross National Product (GNP) from 7.12% in 1989 to 3.13% in 1990. Although a rising unemployment rate has contributed to an atmosphere of uncertainty and apprehension, the annual average regional inflation rate for the Metro area as measured by the Consumer Price Index remained relatively high at 4.7% for 1990.

The Operating Budget

The City's day-to-day consolidated operations expense, budgeted to amount to $609,983,541 resulted in a surplus of some 40 million dollars before allocation to reserves. The two major sources of the surplus were, interest income for the general fund which showed a surplus of some 13 million dollars due to short term money-market rates being higher than anticipated, as a result of the Federal Government's tight money policy, and a general curtailment of expenditure budgets.

Realty and Business Taxes

The City's assessment base upon which the City's property and business taxes are levied, showed an overall increase of 4.0%.

	1989	1990	% Change
Residential Realty	$ 1,458,080,188	$ 1,506,943,946	3.4
Commercial and Industrial Realty	1,367,669,833	1,428,057,700	4.4
Business	617,264,525	646,438,980	4.7
Total	**$ 3,443,014,546**	**$ 3,581,440,626**	**4.0**

This good rate of growth was one of the major means by which the increase in the 1990 mill rate was held to no more than the year-over-year increase in the Metro area inflation rate.

The percentage of taxes levied and collected in the year did show a slight decrease from 96.0% in 1989 to 95.8% in 1990. While it is the lowest collection rate of the past five years, it is still quite an acceptable record particularly in view of the 1990 downturn in the economy.

Capital Expenditures

The City's consolidated capital expenditures in any one year consists of expenditures on capital projects approved for the City and its consolidated boards, commissions, etc., for that year, and for several preceding years, depending on the length of time required for project completions. In 1990 capital expenditures amounted to $195,634,190 as compared to $156,824,075 in 1989. The major reason for the increase over the 1989 figure was the increased expenditures in 1990 for the Ataratiri housing project.

During 1990 expenditures on the Ataratiri housing project continued, and until mid-December 1990 were funded by interest bearing advances from City reserves and capital fund, at the 360 day Federal Treasury Bill rate. From mid-December 1990 such expenditures have been funded by the issue of short term City of Toronto promissory notes, guaranteed by the Province of Ontario. The amount outstanding at December 31, 1990 was $213,828,730. Short term money market funding was chosen for the initial phase of the development because of advantageous rates in the short end of the market. It is anticipated that such short term funding will eventually be liquidated through revenues from the sale and/or rental of the property and the issue of long term debt as the development proceeds.

General Financial Position

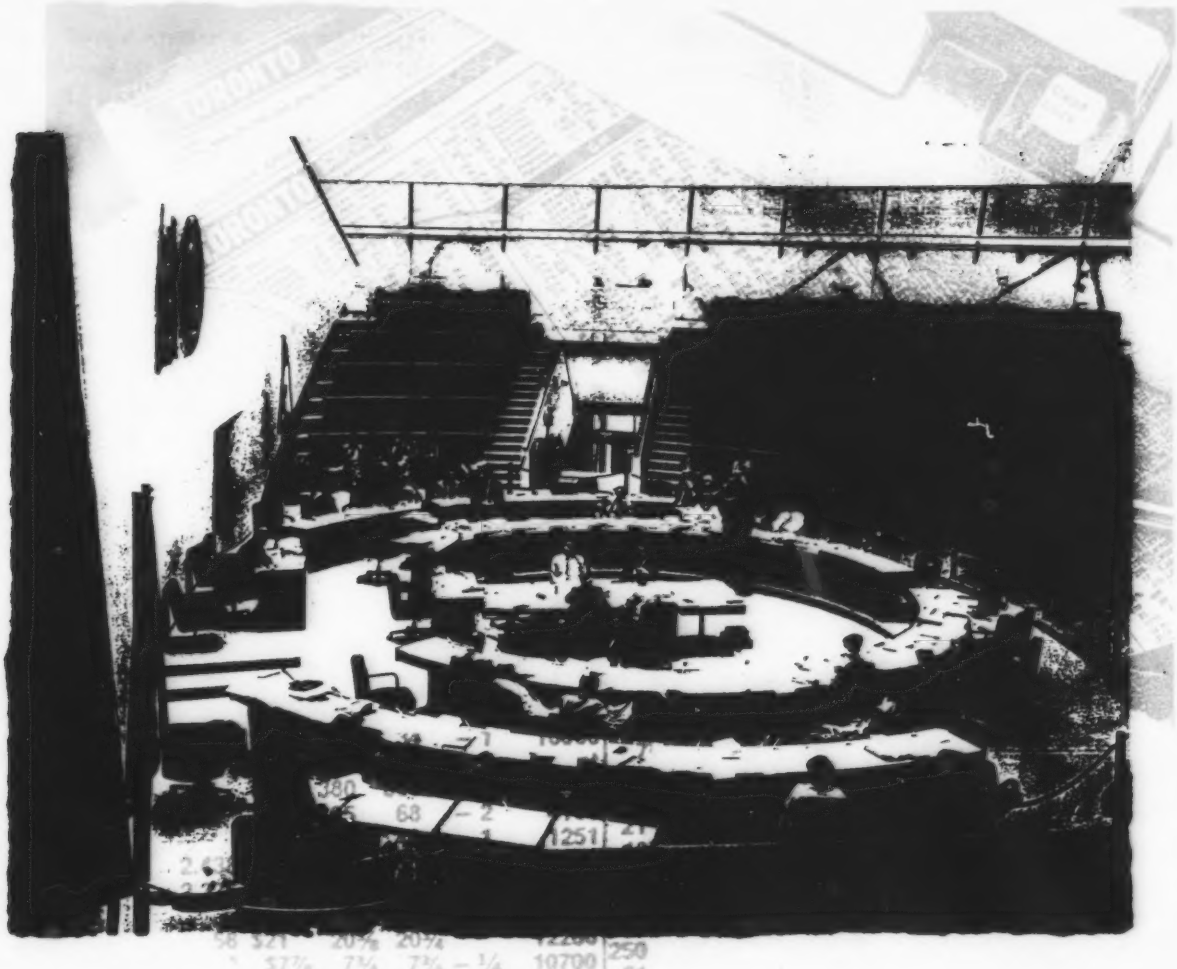
The City's overall corporate financial position for 1990 reflects a continued healthy state. This can be attributed to the healthy economic climate which developed in the greater Toronto area following the 1981/82 recession and the manner in which the City has managed its affairs.

However some warning signals are appearing; the recent economic downturn, less intense development, higher unemployment, some deterioration in tax collections, financial restraint by senior levels of government, are placing added burdens on the City's limited resources.

It is for these eventualities that the City has and must continue to maintain a good level of financial reserves, to provide for working capital and to meet contingencies. The reserves ($164,909,633) represent about three months of general operating expenditures. Our sound financial position is recognized in the triple A credit rating (AAA) given to the municipality of Metropolitan Toronto, of which we are a part, by the Canadian Bond Rating Service and both the major U.S. rating agencies. A "triple A" rating is the best rating that can be awarded.

City of Toronto By-law No. 4295, passed by Council in 1904, requires the submission to Council of an annual report on the financial affairs of the City. I take pleasure in acknowledging the cooperation and assistance provided for the preparation of this report.

George H. Clarke, B.Comm., C.A.
Commissioner of Finance and City Treasurer



93-00773/

Contents

Chapter 1 Municipal Structure

City Ward Map 2
Members of Council 3
Chart of Administrative Structure 4
Heads of Departments 5
Staff Establishment, City of Toronto Departments 5

Chapter 2 Source and Application of Revenues

Assessment 7
Total Assessment by Ward, 1990 8
Tax Levy and Collections 9
Where the Tax Dollar Was Spent 9

Chapter 3 Trends and Statistics 1985 - 1990

Total Current Revenue by Type, 1985 - 1990 11
Residential Rates of Taxation by Purpose for a Public School Supporter, 1985 - 1990 11
Total Taxable Assessment and Assessment by Class, 1985 - 1990 12
Ontario Grants as a Proportion of Total Current Expenditures, 1985 - 1990 12
Source and Application of Capital Funds, 1985 - 1990 13
Total Current Expenditures, 1985 - 1990 13
Six-Year Financial Review (Unaudited) 14

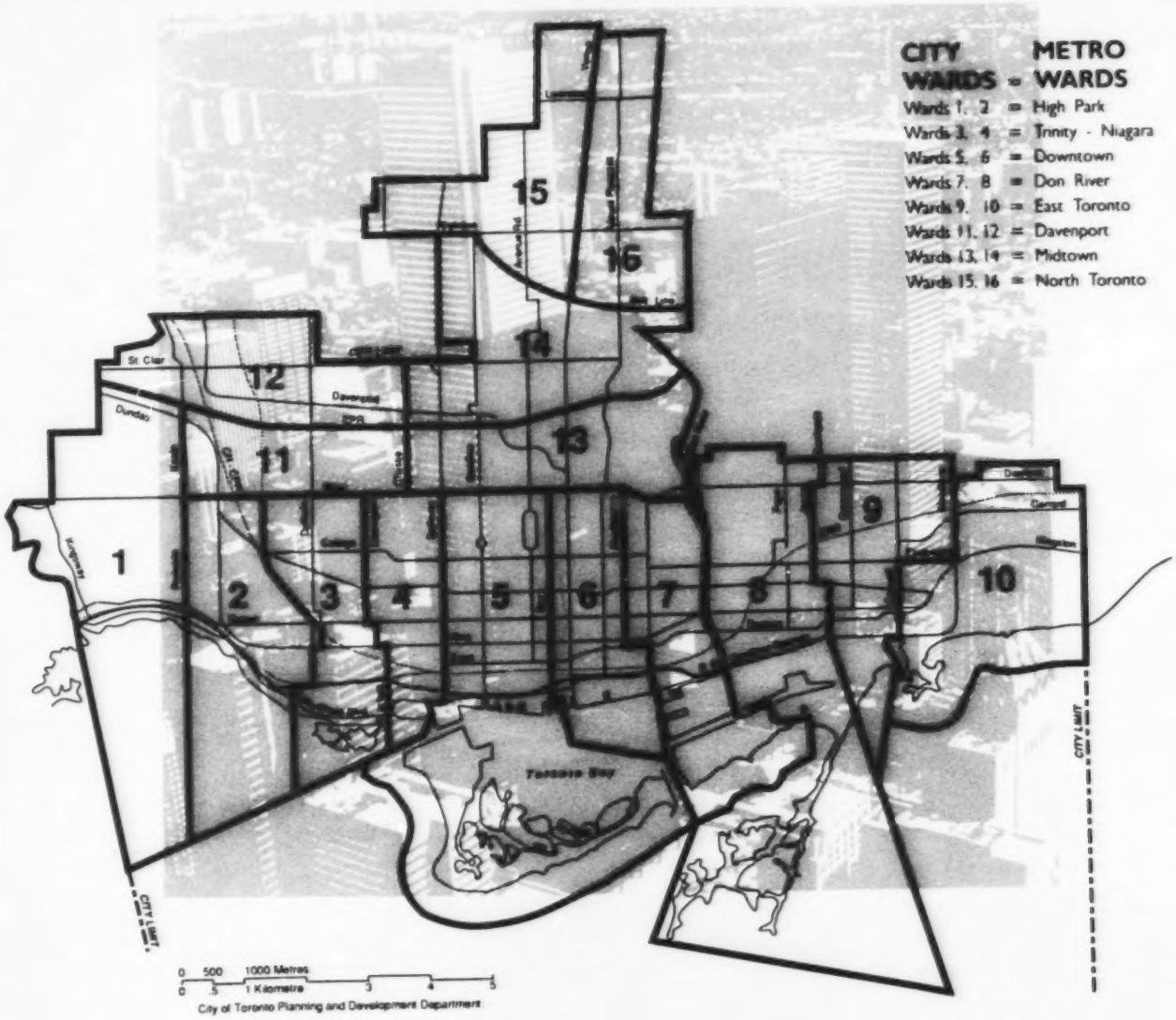
Chapter 4 Financial Statements 1990

Consolidated Balance Sheet as at December 31, 1990 17
Consolidated Statement of Operations for the year ended December 31, 1990 18
Capital Operations and Analysis of Capital Operations for the year ended December 31, 1990 20
Reserves and Reserve Funds 22
Continuity of Reserves as at December 31, 1990 23
Continuity of Reserve Funds as at December 31, 1990 24
Auditor's Report to the Financial Statements 25

Chapter 5 Appendix

Consolidated Trust Funds - Balance Sheet as at December 31, 1990 39
Consolidated Trust Funds - Statement of Continuity for the year ended December 31, 1990 40
Consolidated Trust Funds - Notes to the Financial Statements for the year ended December 31, 1990 40
Consolidated Trust Funds - Auditor's Report 42
Toronto Electric Commissioners 43
Toronto Electric Commissioners Condensed Balance Sheet as at December 31, 1990 44
Toronto Electric Commissioners Condensed Statement of Income and Statement of Equity for the year ended December 31, 1990 44

City of Toronto Ward Map



Chapter 1

Members of Council - 1990

Mayor Art Eggleton

Executive Committee

Mayor Art Eggleton, Chair
Liz Amer
William Boytchuk
Kay Gardner
Barbara Hall
Tom Jakobek
Jack Layton
Nadine Nowlan

City Councillors

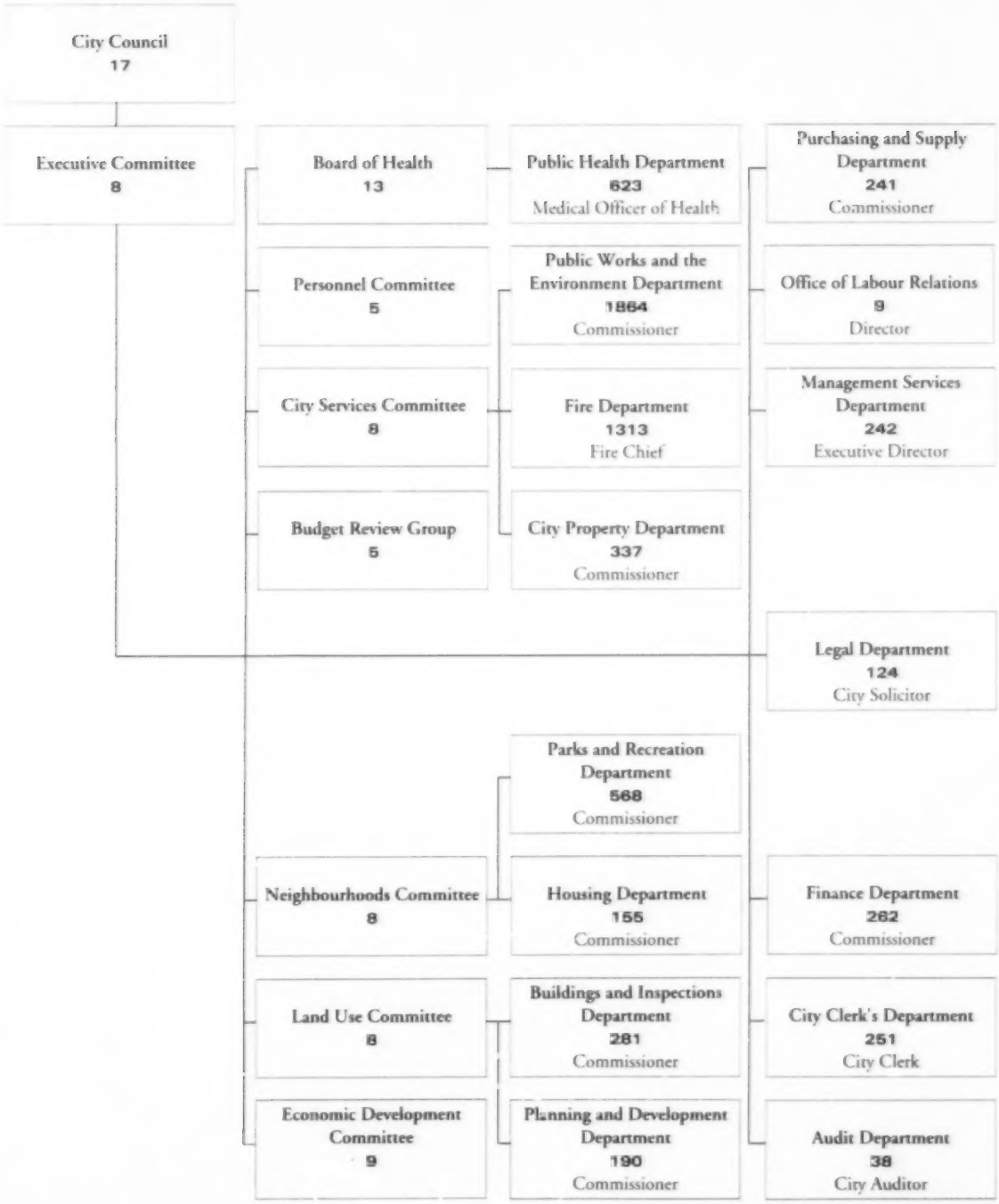
Ward 1	William Boytchuk
Ward 2	Chris Korwin-Kuczynski
Ward 3	Tony O'Donohue
Ward 4	Martin Silva
Ward 5	Liz Amer
Ward 6	Jack Layton
Ward 7	Barbara Hall
Ward 8	Peter Tabuns *
Ward 9	Tom Clifford
Ward 10	Tom Jakobek
Ward 11	Rob Maxwell
Ward 12	Betty Disero
Ward 13	Nadine Nowlan
Ward 14	Howard Levine
Ward 15	Kay Gardner
Ward 16	Michael Walker

* Councillor Peter Tabuns replaced Councillor Marilyn Churley in 1990.

Metro Councillors for the City

Ward 19	Derwyn Shea
Ward 20	Joe Pantalone
Ward 21	Richard Gilbert
Ward 22	Anne Johnston
Ward 23	Ila Bossons
Ward 24	Dale Martin
Ward 25	Roger Hollander
Ward 26	Paul Christie

Administrative Structure



Heads of Departments - 1990

(Departments are listed in order of staff size from smallest to largest)

Audit	J. Rabinowitz, C.A.
Legal	D.Y. Perlin
Housing	T.D. Burns, B.A. (Hon.), M.Sc., (Econ.)
Planning & Development	R.E. Millward, B.A., M.U.P., M.C.I.P.
Purchasing & Supply	J. Darcy Duncan, B.Comm., C.P.P.O.
Management Services	A.L. Stevenson, B.Comm.
City Clerk's	B.G. Caplan
Finance	G.H. Clarke, B.Comm., C.A.
Buildings & Inspections	M.L. Nixon, P.Eng.
City Property	V. West *
Parks & Recreation	H. Pirk, B.A. **
Public Health	P.R.W. Kendall, M.B.B.S., M.Sc., F.R.C.P. (C)
Fire	W.J. Shanahan
Public Works & the Environment	N. Vardin, P.Eng. ***

* V. West replaced D.Y. Perlin (acting) in 1990.

** P. O'Connell was acting from January to September, 1990.

*** N. Vardin replaced R. M. Bremner in 1990.

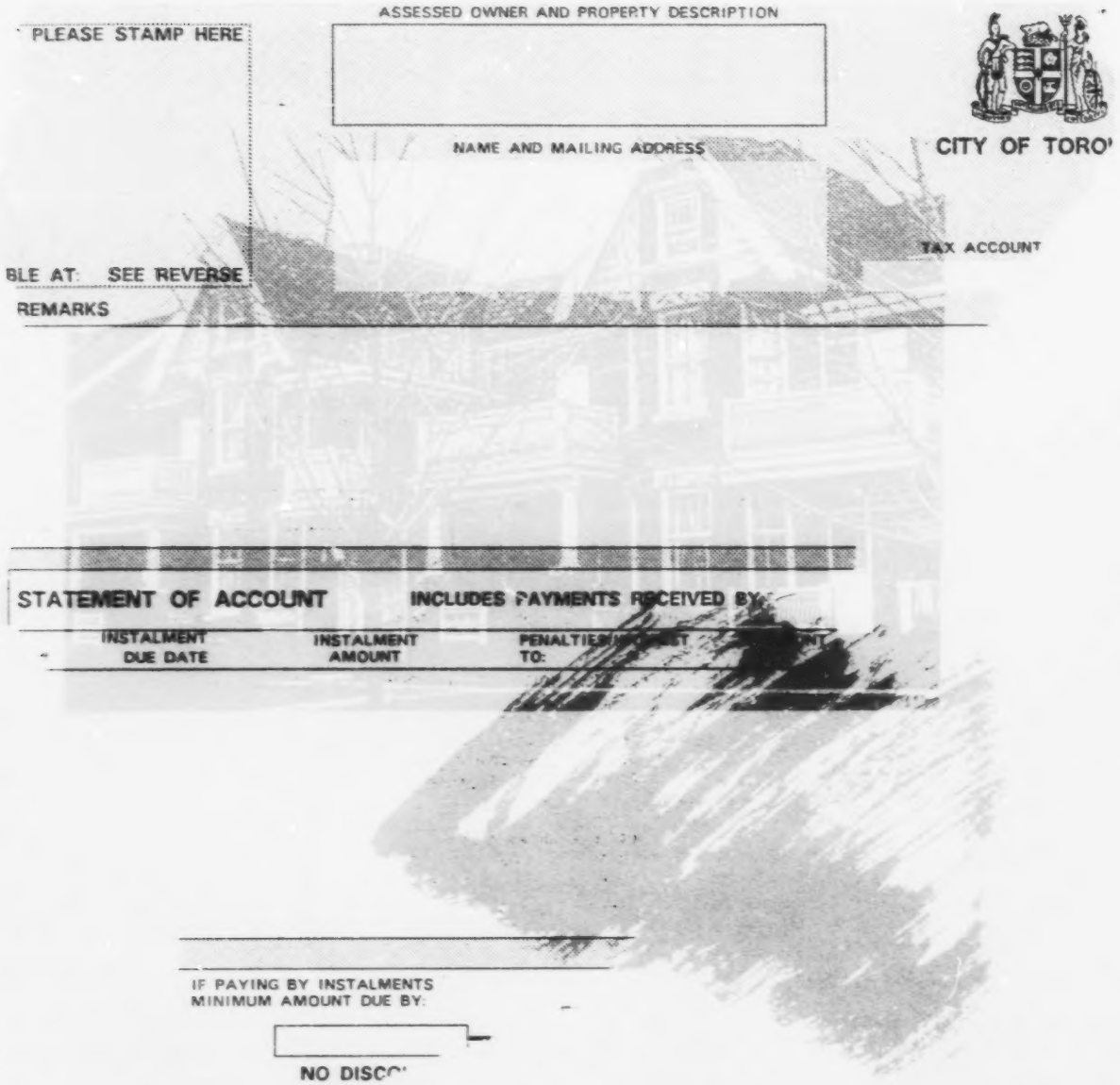
Staff Establishment of the City of Toronto Departments

(Each full dot represents fifty employees)

Labour Relations	◖
Audit	●
Legal	●◖
Housing	●●◖
Planning & Development	●●●●
Purchasing & Supply	●●●●◖
Management Services	●●●●●
City Clerk's	●●●●●◖
Finance	●●●●●◖
Buildings & Inspections	●●●●●●
City Property	●●●●●●◖
Parks & Recreation	●●●●●●●●●●●◖
Public Health	●●●●●●●●●●●◖
Fire	●●●●●●●●●●●●●●●●●●●●●●●●●●●◖
Public Works & the Environment	●●●●●●●●●●●●●●●●●●●

6

REALTY TAX STATEMENT



ASSESSED OWNER AND PROPERTY DESCRIPTION

PLEASE STAMP HERE

NAME AND MAILING ADDRESS

CITY OF TORO

TAX ACCOUNT

BLE AT: SEE REVERSE

REMARKS

STATEMENT OF ACCOUNT INCLUDES PAYMENTS RECEIVED BY:

INSTALMENT DUE DATE	INSTALMENT AMOUNT	PENALTIES/INTEREST TO:	

IF PAYING BY INSTALMENTS
MINIMUM AMOUNT DUE BY:

NO DISC

DOTT

Chapter 2

Assessment

All real property in the City is assessed, either as taxable with an assessment value, or as exempt. The exempt classification generally consists of Federal, Provincial and Municipal properties plus those properties also specifically named as exempt in the Assessment Act, such as places of worship, schools, and various charitable institutions. For the majority of the Federal and Provincial properties, grants, based on the current tax rates are provided by the respective governments.

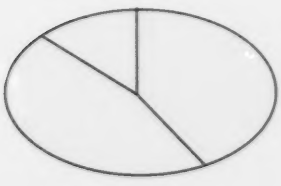
For the City of Toronto this assessment base, through property taxation, produces 80% of the total City revenue and it is thus seen as the most important revenue producing asset of the City. Noted below is a comparison of the assessed values used for taxation purposes in the years 1988, 1989 and 1990.

Recent History of Actual Assessed Values

	% Change from Prior Year	1988 $	% Change from Prior Year	1989 $	% Change from Prior Year	1990 $
Residential Realty	0.5	1,420,014,062	2.7	1,458,080,188	3.4	1,506,943,946
Commercial and Industrial Realty	3.0	1,327,365,566	3.0	1,367,669,333	4.4	1,428,057,700
Business	3.0	596,656,760	3.5	617,264,525	4.7	646,438,980
Total	**1.9**	**3,344,036,388**	**3.0**	**3,443,014,546**	**4.0**	**3,581,440,626**

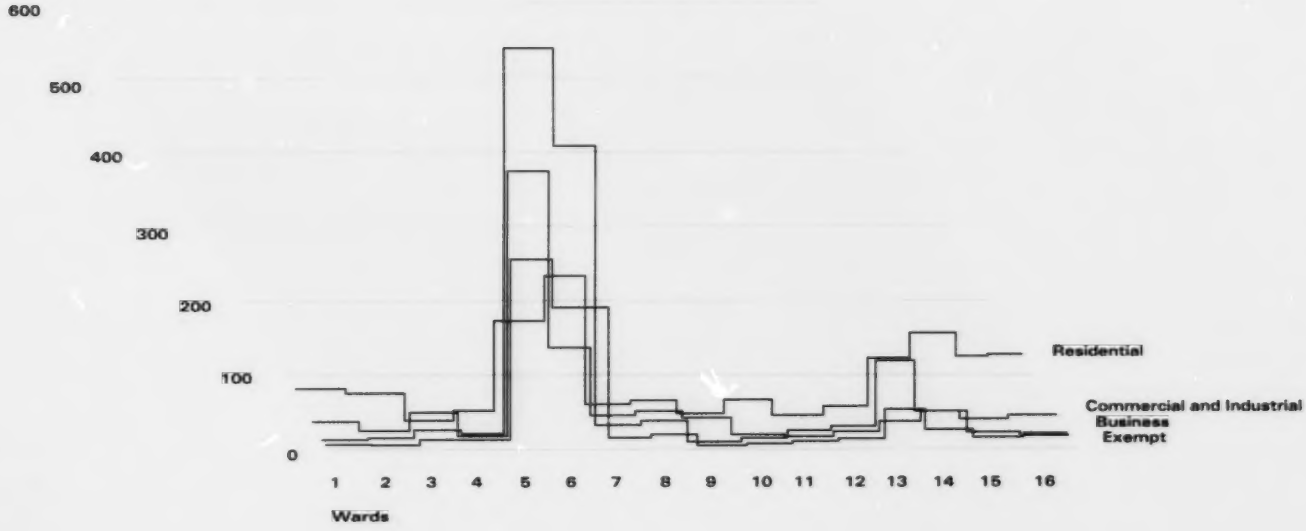
Figure 1
Total Taxable Assessment, 1990

Business	**18%**
Commercial and Industrial Realty	**40%**
Residential Realty	**42%**
	100%



Major assessment appeals are still pending in the appeal system at the Ontario Municipal Board level. Based on the experience of those Commercial Assessment appeals which have been finalized, and upon the number and quantum of those Commercial Assessment appeals still pending it is our judgement that significant refunds of commercial and business taxes will have to be made in future years, as a result of appeal decisions advantageous to the appellants.

Figure 2
City of Toronto
Total Assessment by Ward, 1990
(Millions of Dollars)



Tax Levy and Collections

As indicated below, revenue from taxation for 1990 was $1,590,057,948. Of this amount, $66,284,454, or 4.2% (1989 4.0%), was uncollected at year end. When uncollected taxes for all years are taken into consideration, they become 5.7% (1989 5.0%), of the current tax levy, after deducting the Allowance for Uncollectible Taxes.

Figure 3
1990 Revenue Fund
(Composition of 1990 Revenues by Source and Expenditures by Function)

Total Revenues	**$2,007,281,049**	**100.0%**	**Total Expenditures**	**$2,007,281,049**	**100.0%**
Prior Year's Surplus	$29,275,718	1.5%	Surplus at December 31, 1990	$30,733,325	1.5%
Fees and Service Charges	$74,044,029	3.7%	Other Expenditures	$36,919,343	1.8%
Other Revenues	$81,801,461	4.1%	Health Services	$39,673,756	2.0%
Grants	$54,643,438	2.7%	Environmental Services	$68,664,182	3.4%
Payments in Lieu of Taxes	$84,749,676	4.2%	Transportation Services	$90,910,511	4.5%
Water and Sewer Billings	$92,708,779	4.6%	Protection	$109,316,431	5.4%
Realty and Business Taxes	$1,590,057,948	79.2%	Recreation	$124,092,064	6.2%
			General Government	$177,831,632	8.9%
			Metro Toronto Levy	$455,140,673	22.7%
			Education	$873,999,132	43.6%

Figure 4
Where the Tax Dollar Was Spent In 1990
(An Analysis of Expenditures Made from Tax Revenue)

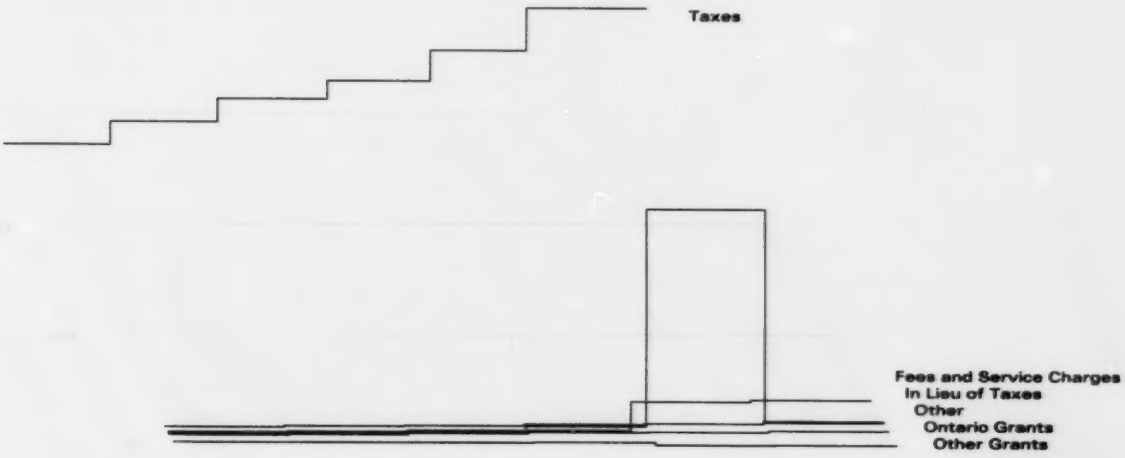
Expenditures	**Amount**	
Education	$ 865,564,913	$0.54
Metro Toronto Levy	392,730,953	0.25
City Purposes	331,762,082	0.21
	$1,590,057,948	**$1.00**

9,254.5M)
52.(KM
223.(KM
(440.295)
6.349
9,097.848
(283.998)

Chapter 3

In addition to current financial information, this chapter presents greater emphasis on annual comparison of significant financial factors which provide an overview of the financial trends.

Figure 5
City of Toronto
Total Current Revenue by Type, 1985 - 1990
(Millions of Dollars)

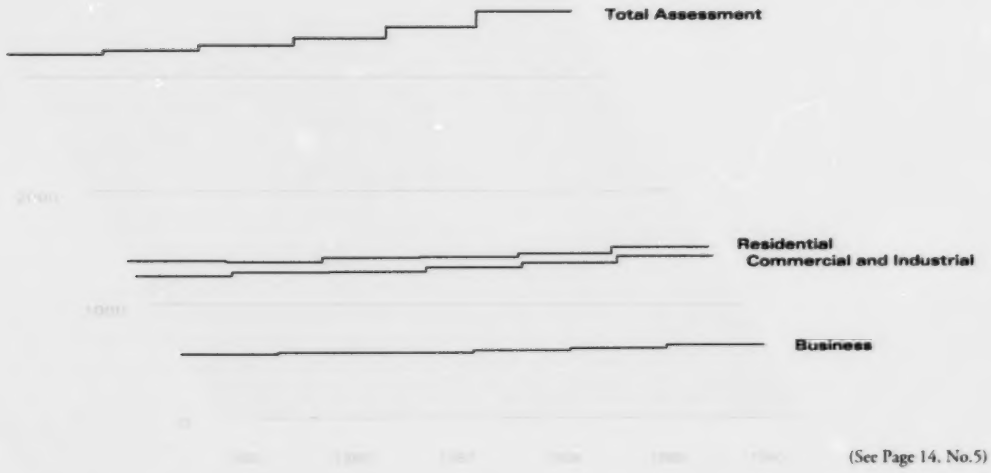


(See Page 14, No.7)

Figure 6
City of Toronto
Residential Rates of Taxation by Purpose for a Public School Supporter, 1985 - 1990

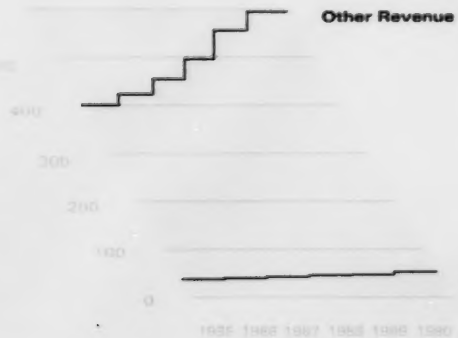
(See Page 14, No.6)

Figure 7
City of Toronto
Total Taxable Assessment and
Assessment by Class, 1985 - 1990
(Millions of Dollars)



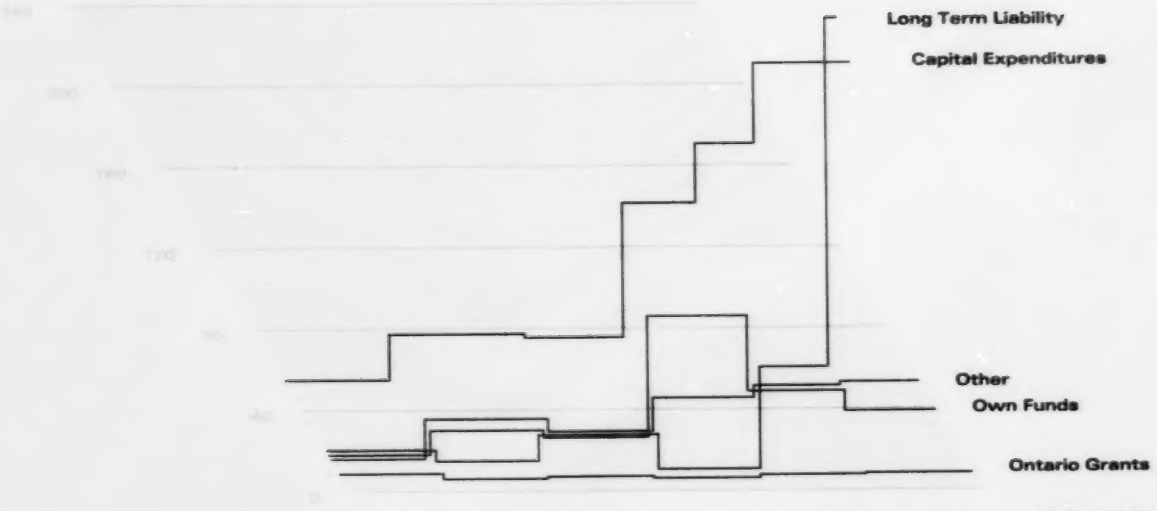
(See Page 14, No.5)

Figure 8
City of Toronto
Ontario Grants as a Proportion of Total Current Expenditures,
1985 - 1990
(Millions of Dollars)



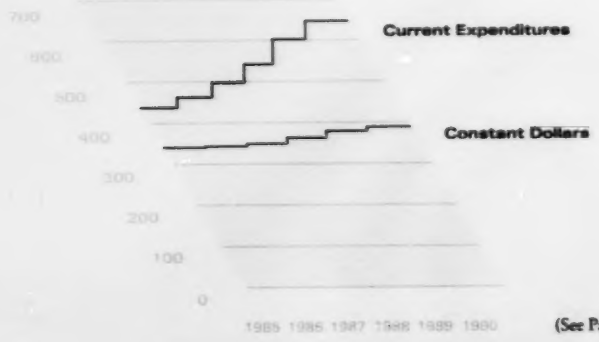
(See Page 14, No.7 and No.9)

Figure 9
City of Toronto
Source and Application of
Capital Funds, 1985 – 1990
(Millions of Dollars)



(See Page 14, No.14 and No.15)

Figure 10
City of Toronto
Total Current Expenditures, 1985 – 1990
(Millions of Dollars)
(The Constant Dollars are derived from Statistics Canada's Consumer Price Index for Metropolitan Toronto.)



(See Page 14, No.9)

Corporation of the City of Toronto
Six-Year Financial Review (Unaudited)

(All dollar amounts are in thousands of dollars, except per capita figures.)

1. Population at the end of the year
2. Area in acres at the end of the year
3. Employees – continuous full time
   – part time
4. Number of households
5. Assessment – Residential
   – Commercial and Industrial
   – Business
   Total

   (Taxable assessment upon which the year's rates of taxation were set)

   Per capita
   Commercial and industrial, and business as a percentage of taxable assessment
   Exempt assessment
   Provincial equalization factor
6. Rates of taxation – Residential mill rate for general municipal purposes
   – Residential mill rate for Metro Toronto purposes
   – Residential mill rate for public school board purposes
   Total

   Commercial and industrial mill rate – **Total**
7. Revenue for General Municipal Services – Taxation
   – Payments in lieu of taxes
   – Ontario grants
   – Other grants
   – Fees and service charges
   – Other revenues
   Total
8. Tax arrears – per capita
   – percentage of current levy
9. Expenditure – general municipal services
10. Transfers to Metro Toronto
11. Transfers to the school boards
    Total
12. Net long term liabilities – General municipal activities
    – per capita
    – percentage of taxable assessment
    – Municipal enterprises
    – Special area charges (Business Improvement Area)
    – Ataratiri housing project
13. Charges for net long term liabilities – General municipal activities
    – per capita
    – as a mill rate
14. Capital financing during the year – Contributions from own funds
    – Long term liabilities incurred
    – Ontario grants
    – Other
    Total
15. Capital expenditure during the year
16. Accumulated net revenue at the end of the year
17. Reserves and reserve funds

1990	1989	1988	1987	1986	1985
595,074	594,051	593,992	590,215	591,027	606,247
27,625	27,625	27,625	27,625	27,625	27,625
8,214	7,964	7,411	7,266	7,126	7,005
3,008	1,956	1,763	1,383	1,280	1,303
286,296	278,622	276,165	278,622	275,493	273,529
$ 1,506,944	$ 1,458,080	$ 1,420,014	$ 1,412,876	$ 1,371,933	$ 1,384,684
1,428,058	1,367,670	1,327,366	1,288,933	1,284,305	1,252,140
646,439	617,265	596,657	579,120	579,770	567,413
$3,581,441	**$ 3,443,015**	**$ 3,344,037**	**$ 3,280,929**	**$ 3,236,008**	**$ 3,204,237**
$ 6,018	$ 5,796	$ 5,630	$ 5,559	$ 5,475	$ 5,285
57.9%	57.7%	57.5%	56.9%	57.6%	56.8%
$ 937,028	$ 933,208	$ 912,122	$ 910,325	$ 908,264	$ 901,337
3.31	3.76	4.79	6.12	7.29	8.82
78.97	74.54	70.36	67.80	65.13	62.99
96.60	91.85	81.22	79.19	75.29	72.51
209.32	188.58	166.83	160.98	153.58	141.52
384.89	**354.97**	**318.41**	**307.97**	**294.00**	**277.02**
452.81	417.61	374.60	362.31	345.90	325.91
$ 1,579,354	$ 1,435,540	$ 1,323,073	$ 1,255,952	$ 1,172,996	$ 1,087,622
84,750	78,082	74,337	69,027	66,002	61,427
53,099	47,651	46,794	43,347	40,495	38,103
809	705	10,563	8,176	7,847	6,786
178,192	158,955	50,350	47,364	41,810	37,730
81,801	85,706	66,930	50,052	44,999	38,799
$1,978,005	**$ 1,806,639**	**$ 1,572,047**	**$ 1,473,918**	**$ 1,374,149**	**$ 1,270,467**
$ 142	$ 112	$ 81	$ 83	$ 83	$ 71
5.4%	4.7%	3.9%	4.2%	4.5%	4.3%
$ 647,408	$ 603,252	$ 542,892	$ 497,665	$ 463,209	$ 438,316
455,141	426,722	366,295	349,346	325,038	308,180
873,396	771,719	658,129	623,739	580,863	526,421
$1,975,945	**$ 1,801,693**	**$ 1,567,316**	**$ 1,470,750**	**$ 1,369,110**	**$ 1,272,917**
$ 133,502	$ 133,932	$ 85,824	$ 95,087	$ 84,045	$ 86,820
$ 224	$ 225	$ 144	$ 161	$ 142	$ 143
3.7%	3.9%	2.6%	2.9%	2.6%	2.7%
$ 317	$ 375	$ 427	$ 480	$ 352	$ 384
$ 136	$ 153				
$ 213,829					
$ 32,400	$ 26,746	$ 32,178	$ 27,670	$ 33,723	$ 34,820
$ 54	$ 45	$ 54	$ 47	$ 57	$ 57
9.05	7.77	9.62	8.43	10.42	10.87
$ 39,162	$ 48,974	$ 86,851	$ 28,102	$ 30,222	$ 18,213
231,665	60,755	11,004	27,998	15,205	18,505
7,970	7,954	7,042	7,545	6,392	9,177
53,467	51,656	46,016	28,519	35,740	16,590
$ 332,264	**$ 169,339**	**$ 150,913**	**$ 92,164**	**$ 87,559**	**$ 62,485**
$ 210,331	$ 170,872	$ 141,573	$ 75,943	$ 77,698	$ 55,208
$ 30,733	$ 29,278	$ 24,383	$ 19,652	$ 16,484	$ 11,445
$ 298,158	$ 213,135	$ 186,196	$ 208,279	$ 179,784	$ 161,704

	$83⅛	13¼	13⅛	+ ¼	54257
.56	$64	$49½	$49¾		nt
1.875	$28¾	28	27		nt
2.025	$27	27¼	27¼		nt
2.05	$19⅝	19½	19½		2900
		see below.			
	151	185	159		nt
x .60	235	231	235	– 4	3000
.37	$7	6¾	6⅞	– ⅛	h10180
1.87	$23	25	23		nt
	150	130	130	– 15	503650
	$24½	27	25⅛		nt
	360	385	380		nt
	3	3	8		z400
3.50	$35	35	35		300
3.191	$32	32⅝	32½		nt
1.04	$18⅞	18½	18⅝		2582
2.125	$22	23½	23½		nt
1.875	$23½	24	23¼		nt
	$2	48	50	+ 3	73700
x .20	$16	14⅝	14⅝		
	178	180	178	+ 18	
	80	80	72		

.16	$7⅛	7	7	– ⅛	43126	
.23	$11	11⅛	11⅛		nt	
.28	$11⅛	11	11⅛		23700	
	$8½	7	6¾		nt	
x .10	85	105	105		nt	
.84	$18⅝	19⅛	19⅝	+ ⅛	1000	
.35	$8⅞	9⅛	9⅛		3000	
	$14¾	14⅝	14⅝		nt	
1.32	$19¼	19¼	19¼	– ⅛	2000	
	80	78	80		nt	

Chapter 4

Financial Statements

The Financial Statements presented herein are consolidated financial statements and include the transactions of those local boards and municipal enterprises listed in the Auditor's Report to the financial statements, Note 1, (a) (i) page 25.

Trust funds, including pension funds, contractors' and other deposits administered by the City amounting to $620,267,561 for 1990 ($536,971,483 for 1989), are reflected in the Trust Funds Balance Sheet and Statement of Continuity, in the appendix. The condensed financial statements of the Toronto Electric Commissioners are also included. The activities of this entity are not consolidated with those of the City and the statements are provided for information purposes only.

Corporation of the City of Toronto
Consolidated Balance Sheet
as at December 31, 1990

(See Notes 1 and 13)

	1990 $	1989 $
ASSETS		
Unrestricted		
Cash	155,351,161	90,479,313
Taxes receivable	84,769,433	66,925,078
User charges receivable	10,226,465	8,708,552
Accounts receivable	19,438,887	15,343,174
Other current assets (Note 10)	12,865,155	11,888,099
Long term receivables	2,421,945	1,849,048
	285,073,046	195,193,264
Restricted		
Cash	233,839,945	186,502,760
Investments (Note 4)	35,149	31,996
User charges receivable	776,919	2,471,645
Accounts receivable	6,737,591	4,450,737
Other current assets (Note 10)	4,118,396	4,133,427
Long term receivables	541,306	304,698
Long term lease prepayment	1,913,035	1,989,609
	247,962,341	199,884,872
CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS (Note 1 (b) (iv))	347,782,757	134,460,239
	880,818,144	**529,538,375**

	1990 $	1989 $
LIABILITIES		
Accounts payable and accrued liabilities	80,862,553	74,598,913
Other current liabilities (Notes 5, 6 & 10)	23,764,319	30,748,201
	104,626,872	105,347,114
Net long term liabilities (Note 7)	347,782,757	134,460,239
FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation or user charges in 1991 (Note 8)	30,733,325	29,275,718
Unexpended capital financing (Note 8)	99,517,437	47,320,319
Reserves (Notes 9 and 12)	164,909,633	94,964,133
Reserve funds (Note 9)	133,248,120	118,170,852
	880,818,144	**529,538,375**

See Auditor's Report, pages 25 - 37.

Corporation of the City of Toronto
Consolidated Statement of Operations
for the year ended December 31, 1990

(See Notes 1, 13 and 17)

	1990 Budget $	1990 Actual $	1989 Actual $
SOURCES OF FINANCING:			
Taxation and user charges (Notes 1 and 2)			
Residential taxation	580,785,569	568,389,373	487,306,618
Commercial, industrial and business taxation and special charges	970,558,732	1,010,964,691	943,289,819
Taxation from other governments	85,941,360	84,749,676	78,082,171
User charges	189,975,013	183,627,639	193,027,123
Grants			
Government of Canada	501,097	366,052	304,088
Province of Ontario	56,647,974	61,068,996	55,604,221
Other municipalities	880,889	1,174,079	770,828
Other			
Contributions from developers & others	979,814	16,814,058	7,555,293
Investment income	21,642,579	49,898,454	47,566,247
Sale of fixed assets	19,958,238	21,523,705	30,540,335
Penalties and interest on taxes	6,917,208	11,597,366	6,352,560
Transfer from sinking fund surplus	1,564,227	6,032,799	3,594,765
Miscellaneous	4,678,367	7,090,252	5,991,275
Deduct: Amounts received or receivable for Metro Toronto and school boards (Note 2)	(1,295,707,004)	(1,320,607,785)	(1,194,494,193)
Proceeds from the issue of long term liabilities	60,207,372	17,835,911	60,754,765
Proceeds from the issue of promissory notes - Ataratiri housing project		213,828,730	
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR (Note 8)			
To be used to offset taxation or user charges	20,634,923	29,275,718	24,278,674
Unexpended capital financing		47,320,319	48,852,437
Total financing available during the year	**726,166,358**	**1,010,950,033**	**799,379,026**

Corporation of the City of Toronto
Consolidated Statement of Operations
for the year ended December 31, 1990

(See Notes 1, 13 and 17)

	1990 Budget $	1990 Actual $	1989 Actual $
APPLIED TO:			
Current operations			
General government	139,254,982	146,240,296	133,823,531
Protection to persons and property	106,838,673	106,724,606	99,183,280
Transportation services	85,547,280	87,817,681	73,908,421
Environmental services	61,051,424	61,491,571	54,457,085
Health services	42,293,765	39,283,938	39,034,140
Social and family services	1,969,329	1,695,890	2,382,844
Recreation and cultural services	122,724 142	121,646,532	108,967,760
Planning and development	36,291,602	35,141,799	27,262,595
Provision for contingencies	14,012,344		
	609,983,541	600,042,313	539,019,656
Capital			
General government	14,651,369	17,095,488	11,356,878
Protection to persons and property	9,199,610	4,290,410	2,097,459
Transportation services	38,014,670	25,334,790	44,165,278
Environmental services	11,537,003	12,720,378	10,730,057
Health services	701,207	419,764	432,217
Recreation and cultural services	37,857,468	21,026,921	15,718,623
Planning and development	39,902,920	114,746,439	72,324,193
	151,864,247	195,634,190	156,824,705
Net appropriations to (from) reserves and reserve funds	(35,681,430)	85,022,768	26,938,628
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (Note 8)			
To be used to offset taxation or user charges		30,733,325	29,275,718
Unexpended capital financing		99,517,437	47,320,319
Total applications during the year	**726,166,358**	**1,010,950,033**	**799,379,026**

Capital Operations

The debentures issued during 1990 were for a term of ten years and carried an interest rate of 11 5/8%.

The debentures issued during 1989 were for a term of ten years each and carried an interest rate of 11%, 10 1/8% and 10%.

The debentures issued during 1988 were for a term of seven years and carried an interest rate of 10 3/8%.

Net long term debt charges in 1990 represented 5.0% (1989 4.5%) of total current expenditures; excluding municipal enterprises which are self-sustaining, this can be expressed as 9.05 mills, or 9.7% of taxes levied for own purposes.

As at December 31, 1990, debentures debt outstanding totalled $205,485,159 for which sinking fund deposits of $71,667,132 are available, leaving a net debenture debt position of $133,818,027, for City of Toronto purposes. Additionally, it is estimated that the City's share of Metropolitan Toronto's net debenture debt, excluding self-sustaining, is $232,439,648, as at December 31, 1990. This debt is also supported by Toronto taxpayers.

In 1990, the City provided permanent financing for Ataratiri housing project of $213,828,730 by issuing City of Toronto promissory notes, guaranteed by the Province of Ontario. In addition, $39,975,142 was repaid to the capital fund for the Ataratiri housing project.

Corporation of the City of Toronto
Analysis of Capital Operations
for the year ended December 31, 1990

	1990 $	1989 $
Source of Funds		
Long term liabilities incurred		
Debentures	17,835,911	60,601,765
Promissory notes -		
Ataratiri housing project	213,828,730	
Province of Ontario loan		153,000
Grants		
Government of Canada	(7,463)	
Province of Ontario	7,970,152	7,953,543
Other municipalities	738,560	370,049
Other financing		
Contributions from others	7,441,004	1,725,000
Investment income	8,701,122	6,430,474
Sale of fixed assets	21,402,169	30,488,935
Transfer from		
sinking fund surplus	6,032,799	3,519,765
User charges	4,676,590	6,286,631
Miscellaneous	273,925	115,471
Net Appropriation (to)		
from other funds		
Current operations	2,008,407	674,539
Reserves	(60,031,652)	13,895,245
Reserve funds	16,961,054	23,078,170
	247,831,308	**155,292,587**
Expenditure		
General government	17,095,488	11,356,878
Protection to persons		
and property	4,290,410	2,097,459
Transportation services	25,334,790	44,165,278
Environmental services	12,720,378	10,730,057
Health services	419,764	432,217
Recreation and		
cultural services	21,026,921	15,718,623
Planning and development	114,746,439	72,324,193
	195,634,190	156,824,705
Unexpended capital financing		
at the beginning of the year	47,320,319	48,852,437
Unexpended capital financing		
at the end of the year	**99,517,437**	**47,320,319**

Reserves and Reserve Funds

The balance of reserves and reserve funds as at December 31, 1990, was $298,157,753 (see pages 23 and 24). An analysis can be seen in the Auditor's Report to the financial statements, page 32.

The maintenance of healthy reserve balances is critically important to the financial well-being of the City. The rate at which taxes are collected slows down dramatically by fall each year and therefore the City's cash flow becomes narrow from about September to February. During this period these reserves provide the necessary working capital to fund day-to-day operations. This makes it unnecessary for the City to borrow funds on the short-term market at high interest costs.

The main purpose of reserves, however, is to provide funds for major expenditures which will occur at some future date, and thereby avoid widely fluctuating mill rates or panic borrowing. During 1990 reserves and reserve funds provided $26 million to capital to fund among other things, sewer construction and the acquisition of replacement equipment. An additional $13 million was provided to the revenue fund for current expenditures. During 1990, $69,371,262 was repaid to the reserves for the Ataratiri housing project.

The actual dollars associated with reserves are invested and provide a substantial amount of interest income which is taken into the City's general revenues. Further, our cash management program have resulted in an improved cash flow which has increased the amount of funds surplus to daily requirements. Similar to reserves, these surplus funds are invested daily in the short-term market at the most competitive interest rates to maximize earnings without impeding our daily cash requirements. This investment income amounted to $25.3 million in 1990.

In accordance with Provincial legislation, interest earned on the investment of reserve fund assets must be credited to these reserve funds and is not available for any purpose other than the purpose for which the reserve fund was established. During 1990, reserve funds were directly credited with interest earnings of $15.8 million ($13.4 million for 1989).

Corporation of the City of Toronto
Continuity of Reserves
as at December 31, 1990

	Balance January 1 $	Appropriations from (to) Current Operations $	Appropriations from (to) Capital Operations $	Net Appropriations $	Balance December 31 $
For working capital					
— Re-appropriations	13,823,961	(1,808,033)		(1,808,033)	12,015,928
— Uncollected taxes	4,000,000		23,441,535	23,441,535	27,441,535
— Tax sale lands	133,873	(1)		(1)	133,872
— Inventories of stores	3,054,492				3,054,492
— Home improvements	282,699	(2,823)		(2,823)	279,876
— Election expenses	2,000,000	(330,022)		(330,022)	1,669,978
— Local boards working capital	102,000				102,000
— Rehab. of residential properties	332,067	(100,570)		(100,570)	231,497
— Assess. appeal residential renovations	746,100				746,100
— Re-assessment phase-in	537,429		1,962,571	1,962,571	2,500,000
— Others	1,172,382	(156,609)		(156,609)	1,015,773
	26,185,003	(2,398,058)	25,404,106	23,006,048	49,191,051
For contingencies					
— Tax overpayment refunds	2,566,187	1,254,149		1,254,149	3,820,336
— Employee benefit sick pay grants	7,075,483	117,939	5,000,000	5,117,939	12,193,422
— Workers' compensation claims	4,550,000		2,000,000	2,000,000	6,550,000
— Insurance	7,958,868	(2,174,446)	1,977,973	(196,473)	7,762,395
— Land banking interest	1,942,509				1,942,509
— Exchange	298,977		2,000,000	2,000,000	2,298,977
— Toronto Islands improvements etc.	1,668,932		1,835,438	1,835,438	3,504,370
— Tax reassessment refunds	3,070,421		2,929,579	2,929,579	6,000,000
— Ataratiri housing project	4,000,000				4,000,000
— Retroactive pay	899,803	(196,547)	1,966,331	1,769,784	2,669,587
— Legal claims and awards	797,112	(10,362)		(10,362)	786,750
— Severance remuneration - councillors	40,000	40,000		40,000	80,000
— Others	1,182,475	(297,651)		(297,651)	884,824
	36,050,767	(1,266,918)	17,709,321	16,442,403	53,493,170
For other purposes					
— Equipment and capital repairs	23,952,649	9,424,978	6,037,462	15,462,440	39,415,089
— Water rate stabilization etc.	4,719,341	3,114,969	6,996,563	10,081,532	14,800,873
— Pension plan improvements and benefits	4,056,373	1,038,877	3,914,200	4,953,077	9,009,450
	32,728,363	13,578,824	16,918,225	30,497,049	63,225,412
	94,964,133	**9,913,848**	**60,031,652**	**69,945,500**	**164,909,633**

Corporation of the City of Toronto
Continuity of Reserve Funds
as at December 31, 1990

	Balance Jan. 1 $	Contributions from Developers and others $	Interest Earned $	Contributions from (to) Current Operations $	Contributions from (to) Capital Operations $	Net Appropriations $	Balance Dec. 31 $
For the following purposes:							
— Self insurance	3,758,112		373,677	823,796		1,197,473	4,955,585
— Other insurance	2,040,714		254,685	170,192		424,877	2,465,591
— Extended health care	2,285,732		304,003	(176,503)		127,500	2,413,232
— Davenport Road Community Centre	2,145		252			252	2,397
— Design Exchange	204,815	500,000	23,238	(336,751)		186,487	391,302
— Regent Park Residents' Association	96,508		13,157			13,157	109,665
— Social housing	6,618,933	384,167	551,275	66,666	(4,902,551)	(3,900,443)	2,718,490
— Bicentennial celebrations	31,996		3,153			3,153	35,149
— Park purposes	2,768,975	1,153,688	407,771			1,561,459	4,330,434
— On-street parking	15,709,466		2,160,182	4,136,557	(2,307,614)	3,989,125	19,698,591
— Off-street parking	8,871,931		1,009,699	151,553	(3,060,722)	(1,899,470)	6,972,461
— Parking Authority operations	53,124,788		7,528,814	4,129,115	(4,700,567)	6,957,362	60,082,150
— Commercial Facade Program				(4,408)	100,000	95,592	95,592
— Sewer maintenance	13,615,466		1,646,481	(1,785,286)		(138,805)	13,476,661
— Sewer construction	8,114,006	7,183,646	1,435,607		(2,114,600)	6,504,653	14,618,659
— Community heritage	735,832		83,675	(162,663)	25,000	(53,988)	681,844
— International office	116,052		16,789	(16,754)		35	116,087
— Campeau dock maintenance	75,381		8,849			8,849	84,230
	118,170,852	9,221,501	15,821,307	6,995,514	(16,961,054)	15,077,268	133,248,120

Auditor's Report to the Financial Statements

I have completed the audit of the books and accounts of the Corporation of the City of Toronto for the year ended December 31, 1990.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

(a) Basis of Consolidation

(i) Consolidated Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, reserve funds, the capital fund and includes the activities of all committees of Council and the following local boards and municipal enterprises which are under the control of Council:

Municipal Enterprises:
- Waterworks System
- Parking Authority of Toronto

Community Centres:
- Applegrove
- 58 Cecil Street
- Central Eglinton
- 519 Church Street
- Eastview Neighbourhood Community Centre 55
- Scadding Court
- Ralph Thorton

Arenas and Stadium:
- George Bell
- William H. Bolton
- Forest Hill Memorial
- McCormick Playground
- Moss Park
- North Toronto Memorial
- Ted Reeve
- Allan A. Lamport Stadium

Others:
- Board of Health
- Toronto Public Library Board
- Toronto Historical Board
- Howard Park Tennis Club Board of Management
- Toronto Economic Development Corporation
- St. Lawerence Centre for the Arts
- Design Exchange
- Toronto Business Development Project

Business Improvement Areas:
- Beaches
- Bloor Court
- Bloor By the Park
- Bloor West Village
- Bloordale Village
- Bloor-Yorkville
- Corso Italia
- Danforth by the Valley
- Danforth Village
- Dovercourt Village
- Eglinton Way
- Eglinton West Village
- Elm Street
- Forest Hill Village
- Gerrard India Bazaar
- Harbord Street
- High Park Village
- Hillcrest Village
- Junction Gardens
- Little Italy
- Old Cabbagetown
- Parkdale Village
- Portugal Village
- Queen Broadview Village
- Roncesvalles Village
- St. Clair Gardens
- Yonge/Queen-Dundas

All interfund assets and liabilities have been eliminated on this statement.

1. ACCOUNTING POLICIES (Cont'd)

(ii) Consolidated Statement of Operations
This statement reflects the consolidated sources of financing and expenditures of the revenue fund, reserves, reserve funds and the capital fund of the municipality and those local boards and municipal enterprises described in Note 1 (a) (i). All interfund sources of financing and applications have been eliminated on this statement.

(iii) Non-Consolidated Entities
For those utilities and corporate entities of the municipality which are not consolidated, the "Consolidated Balance Sheet" does not reflect their assets or liabilities except to the extent of amounts due to or from those entities. The "Consolidated Statement of Operations" does not reflect their revenues and expenditures except to the extent of the municipality's contribution to those entities.

Those entities which are not consolidated but instead will be reported upon separately, are as follows:

Toronto Electric Commissioners
City of Toronto Non-Profit Housing Corporation
(Incorporated under the Business Corporations Act).

(iv) The taxation and other revenues with respect to the operations of the school boards and the Municipality of Metropolitan Toronto are reflected in the "Consolidated Statement of Operations" but with no effect on the municipal fund balances since the total is shown as a deduction.

The expenditures, assets and liabilities with respect to the operations of the school boards and the Municipality of Metropolitan Toronto are not reflected in these financial statements except to the extent that overlevies (underlevies) are reported on the "Consolidated Balance Sheet" as "other current liabilities" ("other current assets").

(v) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Consolidated Trust Funds Statement of Continuity and Balance Sheet".

(b) Basis of Accounting
(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal charges on long term liabilities

which are charged against operations in the periods in which they are paid. The principal charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the "Consolidated Statement of Operations" in the year of acquisition. For those fixed assets financed or to be financed by the issue of long term indebtedness, the principal and interest on the long term indebtedness are also reported on the "Consolidated Statement of Operations" as they are incurred.

(iv) "Capital outlay financed by long term liabilities and to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet".

2. OPERATIONS OF SCHOOL BOARDS AND THE MUNICIPALITY OF METROPOLITAN TORONTO

Further to Note 1 (a) (iv), the taxation, other revenues, expenditures and overlevies (underlevies) of the school boards and the Municipality of Metropolitan Toronto are comprised of the following:

	School Boards	Metropolitan Toronto
	$	$
Taxation and user charges		
Taxation revenue	868,202,664	389,995,401
User charges		62,409,720
Amounts received or receivable	868,202,664	452,405,121
Requisitions paid	867,600,018	452,405,004
Overlevies for the year	602,646	117
Overlevies (underlevies) at the beginning of the year	52,165	(24)
Overlevies at the end of the year	**654,811**	**93**

These revenues and expenditures are not reflected in the "Consolidated Statement of Operations".

The net overlevies at the end of the year are reported as "other current liabilities" on the "Consolidated Balance Sheet".

3. TRUST FUNDS

Trust funds including Pension funds, Ontario Home Renewal Program funds, Contractors' and other deposits administered by the municipality, amounting to $620,267,561 (1989 $536,970,101), have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

4. INVESTMENTS

The total investment of $35,149 (1989 $31,996) reported on the "Consolidated Balance Sheet" at cost, has the same market value at the end of the year.

5. LIABILITY FOR PAST SERVICE PROVISION OF PENSION AGREEMENTS

Under the past service provision of pension agreements, the municipality is obligated at December 31, 1990 to its own pension funds and to the Ontario Municipal Employees' Retirement Fund (OMERS) for an amount of $60,475,194 (1989 $61,042,105) as established for the plans. These liabilities will be paid in future years, as follows:

Year	Own pension funds	OMERS
	$	$
1991	7,893,802	115,818
1992	7,331,709	122,011
1993	6,148,435	128,637
1994	6,148,435	135,727
1995	5,546,952	143,313
1996	4,899,018	151,431
1997	4,006,392	160,116
1998	3,285,052	169,410
1999	2,630,012	179,354
2000	2,602,100	189,994
2001	2,602,100	87,441
2002	2,602,100	62,835
2003	2,602,100	36,800
2004	494,100	
	58,792,307	1,682,887

All the above amounts are subject to being increased or decreased, dependent on the results of future actuarial valuations. No provision has been made for these liabilities. An amount of $8,706,871 (1989 $10,709,753) has been provided for the municipality's own pension funds and $43,274 (1989 $4,075) for OMERS in the current year. These amounts are reported on the "Consolidated Statement of Operations" classified under the appropriate headings.

6. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan of the City and several of its local boards and municipal enterprises (whose financial statements are consolidated with those of the City), unused sick leave can accumulate and employees may become entiuled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to some $44,539,000 (1989 $42,534,000) at the end of the year. An amount of $4,090,000 (1989 $4,644,000) was paid to employees who left the municipality's employment during the current year.

Provision has been made in "other current liabilities" in the amount of some $122,000 (1989 $4,025,000) re payments which may become due in 1991. Against the remaining future liability of some $44,417,000 (1989 $38,509,000) there is a reserve of $12,193,422 (1989 $7,075,483) as reported in Note 9.

Anticipated payments (in thousands of dollars) over the next five years to employees who are eligible to retire are:

1991	1992	1993	1994	1995	TOTAL
$	$	$	$	$	$
3,306	3,856	3,998	4,212	4,273	19,645

7. NET LONG TERM LIABILITIES

	1990 $	1989 $
(a) The net long term liabilities reported on the "Consolidated Balance Sheet" are made up of the following:		
Total long term liabilities incurred by the municipality and outstanding at the end of the year amount to	213,964,730	967,800
In addition, the municipality has assumed responsibility for the payment of principal and interest charges on certain long term liabilities issued by other municipalities. At the end of the year, the outstanding principal amount of this liability is	205,485,159	192,103,115
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by other municipalities. At the end of the year, the outstanding principal amount of this liability is	(1,446,505)	(1,724,428)
The total value of sinking funds which have been accumulated to the end of the year to retire the outstanding long term liabilities included above, amount to	(70,220,627)	(56,886,248)
Net long term liabilities at the end of the year	347,782,757	134,460,239

(b) Of the net long term liabilities reported in (a) of this note, $62,015,607 in principal payments are payable from 1991 to 1995, $240,971,268 from 1996 to 2000 and are summarized as follows:

	1991 to 1995 $	1996 to 2000 $
from Ataratiri housing development project		213,828,730
from general municipal revenues	61,694,098	27,011,538
from consolidated municipal enterprises	236,509	80,000
from business improvement area	85,000	51,000
	62,015,607	240,971,268

The balance of the debenture debt of $44,795,882 is to be financed from interest to be earned on sinking fund deposits paid.

(c) Approval of the Ontario Municipal Board has been obtained for the long term liabilities in (a) issued in the name of the municipality.

8. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

(a) The balances on the "Consolidated Statement of Operations" of municipal equity of $130,250,762 (1989 $76,596,037) at the end of the year are comprised of the following:

	1990 $	1989 $
for general reduction of taxation	26,876,889	24,487,335
for general reduction of user charges	3,041,254	3,534,546
for benefitting landowners related to special charges and special areas	815,182	1,253,837
	30,733,325	29,275,718
funds available for the acquisition of fixed assets	153,609,517	72,962,118
acquisition of fixed assets re Ataratiri housing development project, to be financed from the proceeds of promissory notes	(1,050,821)	
acquisition of fixed assets to be financed from the proceeds of long term liabilities	(53,041,259)	(25,641,799)
	99,517,437	47,320,319
Total	**130,250,762**	**76,596,037**

(b) Approval of the Ontario Municipal Board has been obtained for the pending issue of long term liabilities and for those commitments to be financed from revenues beyond the term of Council.

(c) The balance available for the general reduction of taxation has been reduced by an amount of $13,623,729 (1989 $34,175,961) transferred to reserves and allowances as approved by City Council - E.C. Report No. 10, on May 6, 1991. Had this reduction not been made, the balance would have shown a surplus for the year of $40,500,618 (1989 $58,663,296).

9. RESERVES AND RESERVE FUNDS

The total balances of reserves and reserve funds of $164,909,633 (1989 $94,964,133) and $133,248,120 (1989 $118,170,852) respectively, are made up of the following:

	1990 $	1989 $
Reserves:		
Set aside for specific purpose by Council		
for working capital	49,191,051	26,185,003
for equipment and capital repairs	39,415,089	23,952,649
for water rates stabilization and other purposes	14,800,873	4,719,341
for employee benefits sick pay grants	12,193,422	7,075,483
for tax refunds	9,820,336	5,636,608
for insurance	7,762,395	7,958,868
for workers' compensation claims	6,550,000	4,550,000
for pensioners' medical benefits	5,489,350	3,956,373
for Ataratiri housing development project	4,000,000	4,000,000
for pension plan improvements	3,520,100	100,000
for Toronto Islands improvements, etc.	3,504,370	1,668,932
for retroactive pay increases	2,669,587	899,803
for exchange	2,298,977	298,977
for financial expenses	1,942,509	1,942,509
for other contingencies	1,671,574	1,979,587
for severance remuneration - councillors	80,000	40,000
Total reserves	**164,909,633**	**94,964,133**
Reserve funds:		
Set aside for specific purpose by Council		
for self insurance public liability	4,955,585	3,758,112
for social housing	2,718,490	6,618,933
for other insurance	2,465,591	2,040,714
for extended health care	2,413,232	2,285,732
for Municipal Heritage Fund	681,844	735,832
for Design Exchange	391,302	204,815
for International Office	116,087	116,052
for Regent Park Residents' Assoc.	109,665	96,508
for Commercial Facade Loan Program	95,592	
for Campeau - dock maintenance	84,230	75,381
for bicentennial celebrations	35,149	31,996
For Davenport Rd. community centre	2,397	2,145
	14,069,164	15,966,220
Set aside for specific purposes by legislation, regulation or agreement		
for Parking Authority operations	60,082,150	53,124,788
for on-street parking	19,698,591	15,709,466
for sewer construction	14,618,659	8,114,006
for sewer maintenance	13,476,661	13,615,466
for off-street parking	6,972,461	8,871,931
for park purposes	4,330,434	2,768,975
	119,178,956	102,204,632
Total reserve funds	**133,248,120**	**118,170,852**

10. OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES

Other current assets and other current liabilities consist of the following:

	1990	1989
	$	$
Other current assets (unrestricted):		
Accrued revenue	7,286,413	7,237,721
Inventories, at cost	3,541,580	3,209,118
Deferred charges	2,033,556	1,437,654
Investment held (market value $245)	3,606	3,606
	12,865,155	11,888,099
Other current assets (restricted):		
Accrued revenue	3,598,179	3,790,797
Inventories, at cost	240,902	196,047
Deferred charges	279,315	146,583
	4,118,396	4,133,427
Other current liabilities:		
Unallocated sinking fund surplus earnings	8,832,029	11,453,177
Provision for employees' fringe benefits re sick leave credits and other	4,953,313	8,127,586
Provision for roadway cut repairs, private water and drain installations	3,305,601	4,022,895
Deferred revenue and other	6,018,472	7,092,402
Net overlevies re school boards and Metro Toronto	654,904	52,141
	23,764,319	30,748,201

11. CHARGES FOR NET LONG TERM LIABILITIES

Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Operations" are as follows:

	1990	1989
	$	$
Principal payments including contributions to sinking fund	13,537,675	9,967,571
Interest	20,284,163	16,921,263
	33,821,838	26,888,834

Of the total charges shown above, $32,400,343 (1989 $26,745,544) were paid from general municipal revenues of the municipality and $132,435 (1989 $143,290) were recovered from municipal enterprises and the business improvement area for which the related net long term liabilities were incurred. The balance of $1,289,060 was charged to the Ataratiri housing development project.

The charges for long term liabilities assumed by other municipalities are not reflected in these statements.

12. ATARATIRI HOUSING DEVELPMENT PROJECT

In 1990, the City obtained permanent financing in the form of short and mid-term promissory notes. As at December 31, 1990, $213,828,730 of notes were issued, with the anticipated repayment being made in the years 1996 to 2000. This liability, to a maximum of $800 million, is guaranteed by the Province of Ontario. In the event that the project incurs a deficit, the City's share will be limited to $20 million.

Accumulated interim financing provided by the City of $109,346,404 from its reserves and capital fund, of $69,371,262 and $39,975,142 respectively, were returned in December 1990.

13. COMPARATIVE FIGURES

Certain 1989 figures in these financial statements have been re-stated to conform with the 1990 presentation.

14. CONTINGENT LIABILITIES

As at December 31, 1990, the City had committed itself to providing the following third party loan guarantees amounting to some $80,055,143:

Camrost Esplanade Ltd., Barclay-Esplanade Corporation, Cogan Esplanade Ltd. and Friedmann Esplanade Inc.	$50,000,000
Live Entertainment Corporation - Re Dundas/Bond project	12,000,000
City of Toronto Non-Profit Housing Corporation	9,293,543
Civtor Developments of Toronto - Re Sears Catalogue Site	5,000,000
Civic Developments of Toronto - Re 1070 Queen Street East	2,000,000
29 McCaul St. Housing Co-operative	1,596,600
Theatre Plus	150,000
Danceworks	15,000

15. PUBLIC LIABILITY INSURANCE

The Municipality is self insured for public liability claims up to $10,000 for any individual claim.

The Municipality has made provision for a reserve fund for self insurance which as at December 31, 1990 amount to $4,955,585 (1989 $3,758,112) and is reported on the Consolidated Balance Sheet under Reserve funds. The provision for the year of $1,820,059 (1989 $2,106,553) has been reported as an expenditure on the Consolidated Statement of Operations. The Municipality plans to fund the reserve fund by annual provisions determined by actuarial study to an amount equal to one hundred percent of the maximum claim risk.

In addition, a contribution of $988,407 (1989 $873,153) has been made to a group liability fund which is administered by the Ontario Municipal Insurance

Exchange (OMEX). This fund covers claims in excess of $10,000 and up to $100,000,000.

Claims settled during the year, amounting to $1,244,577 (1989 $1,138,987), have been provided for from the reserve fund, and are accordingly reported as an expenditure on the Consolidated Statement of Operations.

There were no major claims unsettled as at December 31, 1990.

16. SUBSEQUENT EVENTS

(a) In March 1991 a total of $30,266,000 of debentures were issued by the Municipality of Metropolitan Toronto on behalf of the Municipality. The Municipality has assumed responsibility for the payment of principal and interest charges on this long-term liability:

Sinking fund debentures due March 20, 2001, interest at 10 1/4% - $30,266,000.

(b) As at June 28, 1991, an additional $14,368,913 of promissory notes were issued for the Ataratiri housing development project.

17. BUDGET FIGURES

The Capital Funds budget is compiled on a project basis which may extend over one or more years. As a result, the budget figures are not comparable with the current year actual amounts shown on the Consolidated Statement of Operations.

18. GENERAL

(a) Reserve Funds of the City have been set up under Sections 148, 165, 208 and 218 of the Municipal Act, Section 1 (2) of the City of Toronto Act 1962, Section 2 (3) of the City of Toronto Act 1963, Section 5 of the City of Toronto Act 1972 and Section 36 (11) of the Planning Act. The balance of each fund is set out on page 32 with further details on page 24 and the assets and liabilities are included in the Balance Sheet, page 17, details of which are provided on subsidiary schedules appended thereto.

(b) The property (all risks) insurance coverage on the City's buildings and equipment, other than those covered under the Miscellaneous Assets Schedule, provides for a deduction of $10,000 in respect of each occurrence up to a maximum of $100,000 for the total claims in any year. Claims in excess of $100,000 and up to $300,000,000 per occurrence are covered by outside insurers. A reserve fund to provide for property losses up to the aforementioned

amount was set up and the balance at the end of 1990 is $216,261 (1989 $242,954). This amount is included in "other insurance" on page 32.

(c) I have examined the fidelity bond covering the City Treasurer, Deputy City Treasurer and every other officer and employee of the Corporation. The present coverage is $2,500,000 limit per loss regardless of the number of employees involved. Money, securities, computer fraud, counterfeit currency are $250,000 each. Depositors (cheque) forgery coverages (including broad form) is $2,500,000 per year.

(d) Liability under the lease agreements approved by the Ontario Municipal Board extends over a period of approximately 47 years and amounts to some $35,765,000 (present value approximately $22,703,000). Of this amount, $25,801,000 will have been paid by 1995, $5,400,000 by 2000 and $4,564,000 thereafter and will be payable out of the City's General Funds in the year the liability becomes due.

(e) An estimated surplus of $39,800,000 from the 1990 operations of general municipal activities was reported in the City's 1991 Operation Budget. The result of the 1990 operations, in fact, shows a surplus of $40,500,618 as reported in Note 8 (c).

19. STATUTORY DUTIES AND SCOPE OF AUDIT

The statutory duties of the City Auditor are set out in the City of Toronto Act 1909, Section 2 and The Municipal Act, R.S.O. 1980, Sections 88-92, 208(56) (i) and 217(15). Under Section 116 of The Municipal Act the auditor is responsible for approval of the retention period for vouchers, records, etc. of the municipality and its local boards.

The responsibilities of the Audit Department can be summarized as follows:

(a) The audit of the accounts and transactions of the Corporation of the City of Toronto.

(b) The audit of the accounts and transactions of the Boards, Commissions and Municipal Enterprises of the City.

(c) The audit of the accounts and transactions of other organizations for specific reasons or at the request of the Council or the Executive Committee.

(d) The audit before payment of all invoices payable by the City.

As part of the ongoing audit process through the year, weaknesses in internal controls and accounting systems are reported to the individual departments and local boards under review so that corrective action may be taken. Generally the problems dealt with in this area have not been of a major nature.

In addition to the audits listed in the index, annual audits have been or are in the process of being performed for 1990 for the following:

Toronto Electric Commissioners
Toronto District Heating Corporation
City of Toronto Non-Profit Housing Corporation
Toronto Arts Council
Runnymede Hospital
Board of Management - 70 Berkeley Street (Alumnae Theatre)
Hester How Day Care Centre
Toronto Artscape Inc.
Canadian Urban Institute (Toronto)

CONCLUSION

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Toronto as at December 31, 1990 and the results of its operations for the year then ended, in accordance with the accounting principles disclosed in Note 1 to the financial statements.

June 28, 1991

J. Rabinowitz, C.A.
City Auditor

50.÷
10.=
'33*
33x
10.=
0.*
37.6*
09.*+
51.
CANADA
CANADA

Corporation of the City of Toronto
Consolidated Trust Funds
Balance Sheet as at December 31,1990

	Contractors' and other Deposits	Sundry Trust Funds	Toronto Civic Employees' Pension Fund	Toronto Fire Department Superannuation Fund	Total Trust Funds
	$	$	$	$	$
ASSETS					
Cash (including term deposits)	3,685,143	5,180,618	29,908,756	25,338,750	64,113,267
Investments at cost (See Note 2)					
Bonds and debentures:					
Government of Canada	2,000	122,874	22,974,775	15,800,684	38,900,333
Province of Ontario		92,786	31,689,592	15,872,133	47,654,511
Other municipalities and school boards		42,995	49,063,333	25,452,547	74,558,875
Corporate and others			55,802,184	38,483,232	94,285,416
NHA Mortgage - backed securities			4,184,449	5,403,850	9,588,299
Corporate stocks		17,567	168,978,028	110,833,383	279,828,978
Mortgages			249,628		249,628
	2,000	276,222	332,941,989	211,845,829	545,066,040
Accounts receivable	631,308	1,756,280	432,112	523,946	3,343,646
Accrued revenue	9,419	32,640	4,772,019	2,930,530	7,744,608
	4,327,870	7,245,760	368,054,876	240,639,055	620,267,561
LIABILITIES					
Accounts payable and accrued liabilities	4,327,870	59,576	29,226	757,123	5,173,795
Fund balances (See Note 4)		7,186,184	368,025,650	239,881,932	615,093,766
	4,327,870	7,245,760	368,054,876	240,639,055	620,267,561

Corporation of the City of Toronto
Consolidated Trust Funds
Statement of Continuity
for the year ended December 31, 1990

	Contractors' and other Deposits	Sundry Trust Funds	Toronto Civic Employees' Pension Fund	Toronto Fire Department Superannuation Fund	Total Trust Funds
	$	$	$	$	$
Balance at January 1, 1990	4,324,700	6,407,904	317,722,870	207,797,016	536,252,490
Revenue					
Deposits received	156,808	430,267			587,075
Contributions from employer			6,773,757	4,800,923	11,574,680
Contributions from employees			1,492,290	1,286,517	2,778,807
Gain on sale of securities			40,219,655	22,931,899	63,151,554
Interest earned	215,406	704,266	27,474,252	17,360,520	45,754,444
Dividends received		1,566	4,202,724	2,933,418	7,137,708
Other revenues		67,079			67,079
	372,214	1,203,178	80,162,678	49,313,277	131,051,347
Expenditure					
Pension entitlements			29,584,630	17,036,582	46,621,212
Management and administration fees		4,294	268,316	189,256	461,866
Other expenditures	369,044	420,604	6,952	2,523	799,123
	369,044	424,898	29,859,898	17,228,361	47,882,201
Balance at December 31, 1990	4,327,870	7,186,184	368,025,650	239,881,932	619,421,636

Corporation of the City of Toronto
Consolidated Trust Funds
Notes to the financial statements
for the year ended December 31, 1990

1. **ACCOUNTING POLICIES**

Precise determination of many assets and liabilities is dependent upon future events and the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

These financial statements have been prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs.

Basis of Accounting:

(i) Revenues and expenditures are reported on the accrual basis of accounting.
(ii) With the exception of the Ontario Home Renewal Program, administration services have been provided by the City and its local boards without charge and are not reflected in these statements.

2. INVESTMENTS

The total of investments $545,066,040 (1989 $429,943,639) recorded on the "Balance Sheet" at cost, have an approximate market value of $522,854,918 (1989 $521,819,038) at the end of the year. All investments were made in accordance with the terms of specific trusts.

3. CITY'S LIABILITY FOR PAST SERVICE PROVISION OF PENSION AGREEMENTS

The City is obligated to pay to the Toronto Fire Department Superannuation Fund and the Toronto Civic Employees' Pension Fund amounts totalling $58,792,307 (1989 $60,087,678) in respect of past service provisions of pension agreements (See Page 28, Note 5). These amounts are not reflected on the "Balance Sheet".

4. SUNDRY TRUST FUND BALANCES

The balance of $7,186,184 (1989 $6,407,909) is made up of the following trusts administered by:

	1990 $	1989 $
(a) City of Toronto		
Access Award Committee	1,822	1,620
Acquisitions of Artwork	2,189	2,064
Brown Memorial	100	100
Burns Memorial	2,406	2,167
Chinese Railroad Workers' Monument	5,253	4,718
Church-Isabella Residents' Co-operative	114,711	102,616
Contract Aftercare Project	686,181	401,162
Fenian Raid Volunteer Monument	3,211	2,891
G. Sinclair Scholarship	24,064	23,861
Municipal Employment Equity Network	4,261	
Hugh Clydesdale	28,158	27,943
H.C. Stevens	5,963	5,579
J.D. O'Connell	10,769	10,224
Legal Department Deposits	35,300	35,900
Margaret Fairley Memorial Committee	4,928	4,437
Michael Sansone	26,430	23,924
Moss Park Old Boys' Association	3,267	2,941
Ontario Home Renewal Program	4,937,822	4,448,176
Public Health Nursing Scholarship	46,955	45,890
Women's Studies Scholarship	47,664	47,353
	5,991,454	5,193,566

4. SUNDRY TRUST FUND BALANCES (Cont'd)

	1990 $	1989 $
(b) Toronto Public Library Board		
Charles Graham Sanderson Memorial	44,966	40,441
D.J. Hayes Trust	14,559	13,055
Dr. Charles R. Sanderson Memorial	20,698	18,647
Osborne and Smith Collection	583,673	582,760
General Endowment	46,475	41,912
Marguerite G. Bagshaw Memorial	21,011	18,918
Norman Blaine Gash Memorial	10,530	9,347
Norman Jenning McLean	309,697	354,523
Senator John M. Lewis Memorial	4,349	3,853
Toronto Public Library Centennial Grant	23,281	20,865
Stanley MacKay Tobin	23,128	25,762
	1,102,367	1,130,083
(c) Other Local Boards		
Bingo and Bursary - Eastview Neighbourhood C.C.	25,279	18,392
General Trust - Toronto Historical Board	59,415	58,887
V. C. Polley - St. Lawrence Ctre. for the Arts	7,669	6,976
	92,363	84,255
Total	7,186,184	6,407,904

Auditor's Report

I have audited the consolidated balance sheet of the trust funds of the Corporation of the City of Toronto as at December 31, 1990 and the consolidated statement of continuity for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the City of Toronto as at December 31, 1990 and the continuity of the trust funds for the year then ended, in accordance with the accounting principles disclosed in Note 1 to the financial statements.

J. Rabinowitz

Toronto, Canada
June 28, 1991

J. Rabinowitz, C.A.
City Auditor

Toronto Electric Commissioners

R. Coyle	Chair
C.A. Sherrard	Vice-Chair
R.R. Horkins	Chair Emeritus
T. Clifford	City Councillor
H.J. Levine	City Councillor
D.C. Doherty	General Manager

The Toronto Electric Commissioners is owned by the City of Toronto and operated under the direction of the Toronto Electric Commissioners, a body composed of five members - three appointees of the City Council, an appointee of the Ontario Hydro, and the Mayor (ex-officio member) or his representative appointed from City Council. Power is purchased from the Ontario Hydro, and in turn sold to consumers for residential, commercial and industrial purposes.

Prior to undertaking capital projects, approval thereof must be obtained from the Ontario Hydro and if it is anticipated that such projects are to be financed by the issuance of debentures, approval must also be obtained from City and Metropolitan Councils. Capital expenditures have been financed by the issuance of City of Toronto and (since 1954) Metropolitan Toronto debentures as well as by the re-investment of the Commissioners' reserves. Total debentures issued up to December 31, 1982 amounted to $50,220,050, all of which have been redeemed at or before maturity. Through the re-investment of reserves and surplus, other extensions and improvements have been undertaken with the result that fixed assets as at December 31, 1990 amounted to $527.6 million.

The Toronto Electric Commissioners have always been self-supporting and while it does not operate as a profit-creating organization, the rates are designed with a view to stability. During the entire period since the commencement of operations in 1911, the Commissioners have met all debt charges (principal instalment, sinking fund levies and interest) and has also provided for the replacement of all equipment at the end of its useful lifetime.

The rates charged for lighting and power are among the lowest on this continent.

Total Kilowatt Hours Sold in 1990	Kilowatt Hours
Residential Customers	1,703,483,455
Commercial-Industrial Customers	7,749,730,762
Municipal Street Lighting	64,237,220
Total Kilowatt Hours Sold	9,517,451,437

Toronto Electric Commissioners
Condensed Balance Sheet
as at December 31, 1990
(Thousands of Dollars)

Assets	
Current assets	
Cash and short-term deposits, accounts receivable, unbilled revenue, inventories, and prepaid expenses	$ 137,123
Fixed assets	
Land, buildings, distribution system and equipment, at cost	$ 527,638
Less: Accumulated depreciation	202,195
	$ 325,443
Other assets	
Deferred charges, net of amortization	$ 4,733
	$ 467,299
Liabilities	
Current liabilities	
Accounts payable and accruals, etc.	$ 60,657
Other liabilities	
Customers' advance deposits, accumulated sick leave credits, workers' compensation benefits, etc.	28,235
Equity	
Toronto Electric Commissioners' equity	378,407
	$ 467,299

Toronto Electric Commissioners
Condensed Statement of Income
for the year ended December 31, 1990
(Thousands of Dollars)

Income		
Sale of current		$ 592,352
Other		19,933
		$ 612,285
Expenditures		
Cost of power	$ 457,110	
Operating expenses	88,499	
Depreciation and amortization	18,858	
Municipal taxes	3,897	568,364
Net income for the year		$ 43,921

Toronto Electric Commissioners
Statement of Equity
for the year ended December 31, 1990
(Thousands of Dollars)

Balance, beginning of year	$ 334,486
Net income for the year	43,921
Balance, end of year	$ 378,407